



Everett Waller

Chairman, 3rd OMC

Special points of interest:

- Falling Oil Prices
- OMC College Scholarship Announcement
- The Burbank: Osage County's Most Prolific Reservoir

Osage Minerals Council Osage Headright Holder News

What to Expect from Falling Oil Prices

Anyone who has been watching TV or reading newspapers knows that oil prices have been plummeting the last several months. And you may be wondering when and how much this is going to affect headright payments.

When oil is produced in the Osage the producer has until near the end of the next month to report this production. So royalty collections in July for instance, will actually represent prices that were being paid in June when the oil was actually taken by the purchaser.

Also since the BIA and Office of Special Trustee (OST) need time to check the accuracy of the production reports and royalty payments, they only include monies in a quarterly disbursement that were received a full month prior to when the disbursement is made. In other words, the first of Sept. quarterly pay-

ment only includes monies that were collected prior the end of July. And this of course actually reflects June, May and April production and oil prices.

A lot of things affect the size of a given quarterly payment, but the current price of oil at payment time is not one of them.

The December quarterly payment was in the mid \$9,000 range for a full Headright, but it largely represented a time when the price of oil was around \$90 a barrel and just beginning to fall. And it also included about a million and a half dollars that came from liquidating some accounts that the 2011 settlement agreement had cleared the way for disbursement. This extra money added about \$675 to each full Headright, so normal production income only accounted for about \$8,800.

Since that time the price of oil has fallen

about 33% to \$60 a barrel and may go lower. This was a very abrupt drop but it didn't happen overnight so the March payment will reflect a volatile market with a range of oil prices from near \$90 to perhaps the upper \$50 per barrel range.

The full effect of the current lower prices will not actually be felt until the June payment. The price of oil may continue to fall and there is certainly no indication of a rapid rise in the near future. If however the price of oil stabilizes at near \$60 a barrel for the next few months we will likely be looking at a June payment somewhere in the \$5,000 range. So no matter what happens to the price of oil, the die is already cast for significantly lower March and June payments.

(By OMC Council Member Galen Crum)

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The Osage Minerals Council re-organized the office effective October 1, 2014. This allowed us to hire an executive administrative assistant per our new budget. We are pleased to announce that we now employ an Osage headright owner in that capacity. Her name is Lacey Reynolds and she began her employment with us on November 24, 2014. This native Pawhuskan is a single parent of three children, Alyssa age 13, Hannah age 8 and Madison age 6. She is the daughter of Vicki Burris Reynolds and the late John L. Reynolds and is currently working on her bachelor's degree in Business Administration with an accounting emphasis. She is looking forward to serving our headright owners and can be reached at 918-287-5447. (from Cynthia Boone, Councilwoman)



NOTICE

The Osage Minerals Council is asking those Osage headright holders, who have applied but haven't received an approved copy of their revocable trust, to contact the Solicitor's office in Tulsa, OK @ 918-669-7730 Ext 230 or the Probate Dept. of the Bureau of Indian Affairs in Pawhuska, OK @ 918-287-5791.

What is a revocable trust? It is a tool for the distribution of restricted property, headright income and land. It is a form of estate planning that will keep your heirs from having to do a probate when you have passed on.

"I'm proud that we as the minerals council have worked together to protect your interest."

*Stephanie Erwin,
3rd OMC Council
Member*

Osage Minerals Council

Attorneys for Fletcher and Pratt:

Notice to Osage Headright Holders: Plaintiffs, William S. Fletcher and Charles A. Pratt, have filed, and the Federal District Court for the Northern District of Oklahoma has certified, a Class Action in the case styled: William S. Fletcher, et al. v. The United States of America, et al., Case No. 02-CV-427 GKF-PJC ("Fletcher"). It seeks an accounting of headright payments from the United States on behalf of all Indian Shareholders. A previous action known as The Osage Trust Case ("Trust Case") resulted in a \$380 million settlement for all Shareholders. The "Trust Case" covered an accounting for funds

from the point of oil and gas production to deposit. Fletcher covers the point of deposit of the funds to their proper distribution. Fletcher raises other important issues such as who or what may properly receive Osage headright payments and whether the United States met its statutory obligations. At this point, the Fletcher case merely requires seeks an accounting from the United States pursuant to the 10th Circuit Opinion, William S. Fletcher and Charles A. Pratt, Plaintiffs-Appellants, v. United States of America, et al, Defendants-Appellees, Case No. 12-5078. The Osage Mineral Coun-

cil unanimously approved this Notice but individual notice and other publication has also been ordered. A full copy of the Class Action Notice, as well as a form for requesting exclusion from the Class, can be found at www.sneedlang.com/ClassActionNotice. **The Osage Minerals Council has published this Notice to Osage Headright Holders at the request of counsel for the Fletcher Plaintiffs. The Osage Minerals Council neither endorses nor takes any other position on the Fletcher class action lawsuit at this time.**

"In My Opinion" by Stephanie Erwin, Councilwoman

We have had a turbulent last six months. The Osage Minerals Council has been working very diligently on your behalf as Osage Headright owners. We have been discreet as well as professional on what information we have released. Every statement that we have released has been highly scrutinized by our attorney. This discretion is needed because of a lawsuit in the Federal Courts known as Donelson Vs. Devon Etc., in which has basically shut the new drilling down in the Osage. Any information that has been released by the executive has or can be potential ammunition for the above mentioned lawsuit against the mineral estate trust. WE the OMC actually hired an attorney to be our advocate in Washington, D.C., to

speak on our behalf to several federal agencies so the complaint for Declaratory Judgments and Preliminary and Permanent Injunction could be filed in Federal Court. The OMC still needs to follow this strategy to prevent any further damage. I'm proud that we as the minerals council have worked together to protect your interest and still are protecting your interest. (by OMC Council Woman Stephanie Erwin)



Jan 2015 Edition

The Burbank: Osages Biggest Asset

About twenty miles east of Ponca City in east-central Osage County lies the community of Burbank. Near there, on May 8, 1920, the Marland Oil Company completed the Burbank discovery well that initially produced 150 barrels of oil per day. The field eventually grew to thirty-three square miles located principally in Osage County, but with a small extension into Kay County. The field had its highest production from 1920 through 1924 with twenty million to thirty-one million barrels annually and a

peak production day of 121,700 barrels on July 21, 1923.

The oil field the Burbank is one of the most prolific oil and gas fields in the Americas. It is purported to be the largest sandstone formation in the continental United States. Recently Petroleum Engineers around Pawhuska who are familiar with the Osage all feel there is a lot of potential left in the Burbank. This could be our biggest oil asset for the Osages.

To get this additional oil we need to the best engineers, scientist, and oil executives. The 3rd Osage Minerals Council is aware of this need and is currently considering how to get more robust enhanced oil recovery operations to lift that additional wealth. Currently Chaparral has been operating a carbon dioxide enhanced oil recovery operation and is starting to see a promising peak in production. The OMC would like to see more of this type of activity. (by OMC Councilman Talee Redcorn)

"The [Burbank Field] could be the biggest oil asset for the Osages." Talee Redcorn, 3rd OMC Council Member

Wa-Tiah-Kah Scholarship For Fall 2015 Semester

The Wa-Tiah-Kah scholarship, administered by the Osage Minerals Council, provides Higher Education assistance to eligible Osage applicants who pursue petroleum related fields of study at an accredited institution. Interested students can contact the OMC offices at 918-287-5346 or download the application at <https://www.osagenation-nsn.gov/who-we-are/minerals-council>

(by OMC Councilman Andrew Yates)

Accounting Report for Dec 2014 Payment, by Jim Swan, OMC Accountant

Payment for the Fourth Quarter (December, 2014) will be \$ 9,490.00 per headright.

Computation: Total Revenue \$21,158,517.96 for the third quarter production and collections. (\$ 21,158,517.96 divided by 2,228.97393 headrights equals to \$ 9,490.00 rounded back to the nearest \$5.00)

Major Details of the \$21,158,517.96

Oil and Tank Bottoms Production: 1,222,659 gross barrels or 196,059 royalty barrels.

Oil Revenue: \$ 18,756,682.49

Average price per barrel of oil: \$ 95.67

Gas Production : 2,208,855 gross M.C.F. or 386,825.73 royalty M.C.F. and 3,318,549 gallons

Revenue for M.C.F. \$ 1,125,395.63 and Revenue for gallons (liquids) \$ 574,128.42

Gas Revenue: \$ 1,699,524.05

Sand and Gravel Royalty: \$ 138,923.09

Oil and Gas Rental Collected: \$ 46,442.40

Oil and Gas Bonus Collected: \$ 28,400.00

Water Use Royalty: \$ 65,833.85

Interest Earned: \$ 1583.36

Segregated and Restored Funds: \$ 1,677,713.79

Miscellaneous Revenue: \$ 16,245.25

Gross Production Tax Paid to the State of Oklahoma: \$ 1,022,810.32

C 395 Budget Drawdown: \$ 250,000.00

(Miscellaneous disbursements)

3rd Osage Minerals Council

Osage Minerals Council
PO Box 779
Pawhuska, OK 74056

Phone: 918-287-5346
Fax: 918-287-5369
E-mail: lreynolds@osagenation-nsn.gov

Presort
Standard Mail
US Postage
PAID
Tulsa OK
Permit No 702

